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ARGENTINA PROJECT (S200000044)

U.S. DEPT. OF STATE, A/RPS/IPS

Margaret P. Grafeld, Director

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FM SECSTATE WASHDC

TO AMEMBASSY BUENOS AIRES IMMEDIATE 0893-895

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STATE 133806

E.O. 11652: GDS

TAGS: AR, SHUM, PCAT

SUBJECT: DEPUTY SECRETARY MEETS WITH ARGENTINE AMBASSADOR

1. ARGENTINE AMBASSADOR AJA ESPIL MET WITH THE DEPUTY SECRETARY ON MAY 19 FOR 45 MINUTES. UNDERSECRETARY NEWSOM, DEPUTY ASSISTANT SECRETARY MCNEIL, SPECIAL ASSISTANT OXMAN, SEIDENMAN (TRANSLATOR) AND BUMPUS (NOTE TAKER) ALSO ATTENDED.

2. AFTER AN EXCHANGE OF PLEASANTRIES, AJA BEGAN HIS PRESENTATION. HE NOTED THAT IN 1962 AT THE TIME OF THE MISSILE CRISIS HE HAD BEEN UNDERSECRETARY OF FOREIGN AFFAIRS AND HAD AUTHORIZED THE PARTICIPATION OF 2 ARGENTINE SHIPS IN THE CUBA BLOCKADE. PRESIDENT KENNEDY HAD THANKED ARGENTINA. TODAY PRESIDENT CARTER HAD AGAIN STOOD UP TO THE RUSSIANS AND CUBANS, THIS TIME IN AFRICA. THIS WAS CAUSE FOR SATISFACTION AS WAS THE PRESIDENT'S MAY 12 STATEMENT ACKNOWLEDGING THAT LATIN AMERICAN COUNTRIES NOW HAD THE ABILITY TO RESIST CUBAN SPONSORED GUERRILLA OPERATIONS.

3. SINCE PRESIDENT CARTER MET WITH PRESIDENT VIDELA IN SEPTEMBER, THE GOA HAS TAKEN STEPS TO MEET UNITED STATES EXPECTATIONS. A CHRISTMAS AMNESTY WAS GRANTED TO 389 PRISONERS, LISTS OF EXECUTIVE DETAINEES HAVE

BEEN PUBLISHED, FOUR OF THE DEUTSCH FAMILY MEMBERS HAVE BEEN RELEASED (EVEN THOUGH DAVID DEUTSCH WHO ESCAPED ARGENTINA WAS A TERRORIST). TIMERMAN WAS TRANSFERRED TO HOUSE ARREST AND A DECISION TO RATIFY THE TREATY OF TLATELOLCO HAS BEEN PUBLICLY ANNOUNCED.

6. THE AMBASSADOR SAID TIMERMAN'S CASE WAS DIFFICULT. THE MORGENTHAU INVESTIGATION OF THE GRAIVER SCANDAL IS LINKED TO THE ARGENTINE GOVERNMENT CASE AGAINST TIMERMAN. WHERE IS THE MONEY GRAIVER TOOK OUT OF THE COUNTRY AND HOW DID TIMERMAN GET THE MONEY TO BUY LA OPINION, ASKED THE AMBASSADOR.

7. AJA STRESSED TIMERMAN WAS A LONG-TIME PERSONAL FRIEND OF HIS. IN FACT, CONGRESSMAN GILMAN HAD RECENTLY CALLED THE AMBASSADOR TO ASK "HOW IS OUR MUTUAL FRIEND TIMERMAN?" THIS TRIANGULAR FRIENDSHIP GIVES AN INDICATION OF THE PERSONAL ELEMENT THAT PERMEATES THE PROBLEM, WHICH IS FURTHER COMPLICATED BY THE QUESTION OF SUBVERSION AND GUERRILLA ACTIVITY.

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8. THE AMBASSADOR SAID THE SEPTEMBER 30 DEADLINE ON MILITARY TRANSFERS AND HIS FRIENDSHIP FOR THE UNITED STATES MADE IT IMPERATIVE FOR HIM TO TRY TO IMPROVE THE RELATIONS BETWEEN OUR TWO COUNTRIES. THERE ARE PEOPLE IN ARGENTINA WHO WANT TO TURN AWAY FROM THE UNITED STATES; WE MUST NOT OPEN DOORS FOR THEM, HE SAID.

9. THE AMBASSADOR STATED THAT FOR SIX MONTHS THE ARGENTINE GOVERNMENT HAS BEEN BEGGING FOR SPARE PARTS. IT IS A GENERAL TRADE PRACTICE THAT THE SUPPLIER WILL FURNISH SPARE PARTS, YET THE ARGENTINES HAVE TO BEG. SINCE 1977 THEY HAVE ASKED FOR THREE S2E TRACKER AIRPLANES FOR THE NAVY AND TWO CATERPILLAR TRACTORS FOR THE ARMY. THEY HAVE BEEN TOLD THE SALES CANNOT BE APPROVED, AJA SAID.

10. THE AMBASSADOR SAID THAT "AS IF THIS IS NOT ENOUGH", THE GOA HAS NOW BEEN TOLD THAT THE EX-IM BANK CANNOT GIVE CREDITS TO ARGENTINA BECAUSE THE ASSISTANT SECRETARY FOR HUMANITARIAN AFFAIRS HAS REFUSED TO GIVE HER APPROVAL. ALLIS CHALMERS MAY LOSE A \$100 MILLION SALE OF GENERATORS FOR THE YACIRETA DAM BECAUSE OF THIS. THE SALE MAY GO TO THE USSR. HOW CAN THE STATE DEPARTMENT BLOCK SUCH A SALE, WHICH IS CLEARLY FOR DEVELOPMENTAL PURPOSES? WHAT WILL SENATOR STEVENSON SAY WHEN HE HEARS THAT A CHICAGO COMPANY HAS LOST THIS SALE, ASKED THE AMBASSADOR.

11. THE AMBASSADOR SAID HE FELT HE HAD BEEN A FAILURE. HE ONLY HOPED THAT UNDER SECRETARY NEWSOM, WHO WAS A BETTER DIPLOMAT THAN HE, COULD IMPROVE THE SITUATION DURING HIS TRIP TO ARGENTINA.

12. THE DEPUTY SECRETARY THEN SPOKE, NOTING THE U.S. SATISFACTION THAT ARGENTINA WOULD RATIFY THE TREATY OF TLATELOLCO AT THE SSOD.

13. MR. CHRISTOPHER SAID THE SEPTEMBER 30 DEADLINE HAD CAUSED US CONCERN. FOR THIS AND OTHER REASONS WE WERE SENDING MR. NEWSOM, WHO WAS A VERY EXPERIENCED DIPLOMAT, TO ARGENTINA FOR HIGH LEVEL DISCUSSIONS.

14. THE DEPUTY SECRETARY SAID HE DID NOT WANT TO PREVIEW MR. NEWSOM'S MISSION BUT THAT THE UNDER SECRETARY WOULD BE TRAVELLING AT A TIME WHEN OUR PERCEPTION OF THE ARGENTINE SITUATION IS THAT THERE HAVE BEEN MORE BACKWARD THAN FORWARD STEPS. THIS WAS SAID MORE IN SADNESS THAN IN ANGER. PERHAPS IT WAS ONLY OUR PERCEPTION. HOWEVER, THE REPORTS OF CONTINUING DISAPPEARANCES PERSONALLY SADDEN THE SECRETARY, SAID MR. CHRISTOPHER. FOR EVERY PERSON RELEASED FROM PRISON, TEN STILL REMAIN UNDER EXECUTIVE DETENTION. MR. NEWSOM WILL BE TRAVELLING AT A TIME WHEN THE SITUATION IS VERY SERIOUS, WHEN WE VIEW ARGENTINA IN SOMBER MOOD, SAID MR. CHRISTOPHER.

15. THE DEPUTY SECRETARY CONTINUED, SAYING THAT WE ARE TRYING TO FIND WAYS TO AVOID A STALEMATE, TO BREAK OUT OF THE IMPASSE. IF PROGRESS IS MADE IT WILL BE RECIPROCATED BY US, BUT IF IT IS ONLY EPISODIC PROGRESS, THEN WE WILL NOT BE ABLE TO RESPOND.

16. WITH RESPECT TO THE EX-IM BANK, MR. CHRISTOPHER STATED THAT IT WAS NOT THE ASSISTANT SECRETARY FOR HUMANITARIAN AFFAIRS WHO WAS ADVISING EX-IM CONCERNING CONDITIONS IN ARGENTINA. THE ADVICE THAT HAD BEEN GIVEN BY THE STATE DEPARTMENT TO EX-IM WAS THE PRODUCT OF THE DEPARTMENT, NOT ONE SECTION OF THE DEPARTMENT.

17. AT THIS POINT, AMBASSADOR AJA INTERRUPTED TO SAY THAT HE HAD BEEN TOLD PERSONALLY THAT IT WAS HUMANITARIAN AFFAIRS BUREAU'S OBJECTION THAT WAS BLOCKING FAVORABLE EX-IM BANK ACTION ON THE CREDITS TO ARGENTINA.

18. MR. CHRISTOPHER POINTED OUT THAT THERE WAS LEGISLATION WHICH REQUIRED EX-IM TO CONSIDER HUMAN RIGHTS IN CONNECTION WITH THE APPROVAL OF CREDITS FOR ALL PROJECTS.

IN FACT, SAID THE DEPUTY SECRETARY, THERE IS NOW LEGISLATION BEFORE THE CONGRESS WHICH IMPOSES EVEN STRICTER STANDARDS ON EX-IM FINANCING OF EXPORTS TO COUNTRIES WHERE THERE ARE SERIOUS HUMAN RIGHTS PROBLEMS.

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19. MR. CHRISTOPHER NOTED THAT CONGRESS HAD PASSED LEGISLATION WHICH REQUIRED THE EXECUTIVE BRANCH TO OPPOSE IFI LOANS TO HUMAN RIGHTS VIOLATORS UNLESS THE LOAN WOULD MEET BASIC HUMAN NEEDS CRITERIA.
20. THE DEPUTY SECRETARY STRESSED THAT HIS FOREGOING COMMENTS UNDERScoreD THE IMPORTANCE OF THE UNDER SECRETARY'S VISIT AND THE GRAVITY OF THE SITUATION.
21. THE AMBASSADOR THANKED MR. CHRISTOPHER FOR THE RECENT U.S. ABSTENTIONS IN THE IFI'S, WHICH SHOWED THAT THE U.S. BELIEVED ARGENTINA WAS MAKING PROGRESS IN THE HUMAN RIGHTS FIELD, BUT QUESTIONED THE U.S. OPPOSITION TO EX-IM CREDITS. NOW, WHEN ARGENTINA NEEDED THESE CREDITS TO FIGHT INFLATION, THE U.S. REFUSED TO MAKE THEM AVAILABLE.
22. MR. CHRISTOPHER THEN REITERATED THAT THE LAW REQUIRES EX-IM TO CONSIDER HUMAN RIGHTS WHEN APPROVING ALL LOANS OR CREDITS.
23. THE AMBASSADOR SAID THERE WAS A DISCREPANCY BETWEEN THE STATE DEPARTMENT'S VIEW OF THE HUMAN RIGHTS SITUATION AND THAT OF THE U.S. EMBASSY IN BUENOS AIRES. HE SAID THAT ONLY LAST WEEK HE HAD SEEN AMBASSADOR CASTRO WHO HAD TOLD HIM THAT THERE WAS REAL IMPROVEMENT IN THE HUMAN RIGHTS AREA.
24. MR. CHRISTOPHER SAID THAT IN HIS VIEW THE OVERALL TREND IN THE HUMAN RIGHTS SITUATION IN ARGENTINA WAS NOT POSITIVE.
25. MR. MCNEIL SAID THAT IT WAS BASICALLY A QUESTION OF PERCEPTIONS. THERE HAD BEEN SOME PROGRESS, BUT SOME SETBACKS.
26. AMBASSADOR AJA THEN SAID HE HAD NOT RECEIVED THE LISTS OF THE NAMES OF PEOPLE WHO HAD DISAPPEARED. (N.B., IN APRIL AJA HAD ASKED FOR THE NAMES OF PEOPLE WHO HAD DISAPPEARED IN RECENT LARGE SCALE SECURITY OPERATIONS. HIS POLITICAL COUNSELLOR HAD BEEN GIVE THE NAMES OF THOSE AVAILABLE TO THE DEPARTMENT, BUT LABOR LEADERS WHO HAD DISAPPEARED IN QUILMES IN DECEMBER AND A COMPLETE LISTING OF NAMES OF THE SAN JUSTO DISAPPEARED, WERE NOT KNOWN TO THE DEPARTMENT. THE CIRCUMSTANCES SURROUNDING BOTH DISAPPEARANCES WERE EXPLAINED IN DETAIL, HOWEVER.)
27. THE AMBASSADOR SAID THAT THE HUMAN RIGHTS SITUATION WAS IMPROVING IN ARGENTINA. THERE HAD BEEN SETBACKS, BUT THE TREND WAS POSITIVE.
28. MR. MCNEIL SAID THE U.S. CONSIDERED ARGENTINA AN IMPORTANT COUNTRY AND FOR THIS REASON MR. NEWSOM WAS MAKING HIS VISIT.
29. THE AMBASSADOR SAID THAT A NEW EPOCH WOULD ENTER IN ARGENTINA WHEN PRESIDENT VIDELA BEGAN HIS SECOND TERM IN AUGUST. ONCE THE TREATY OF TLATELOLCO IS RATIFIED, PRESIDENT VIDELA WOULD HAVE FULFILLED ALL HIS PROMISES TO PRESIDENT CARTER.
30. THE DEPUTY SECRETARY SAID WE WOULD REVIEW THE SITUATION AFTER MR. NEWSOM'S VISIT AND THANKED THE AMBASSADOR FOR HIS CALL.
31. AN AIDE MEMOIRE PRESENTED BY AMBASSADOR AJA TO THE DEPUTY SECRETARY IS BEING HAND CARRIED TO BUENOS AIRES BY MR. RONDON.
32. COMMENT: AMBASSADOR AJA ESPIL, WHO IS NORMALLY THE
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EPITOME OF A CALM, MEASURED DIPLOMAT, SEEMED AT TIMES TO
LOSE HIS CONTROL. OCCASIONALLY STRIDENT, HE EMBODIED
THE FRUSTRATED NEGOTIATOR WHO FEELS HE HAS MADE NO
PROGRESS. WE HAVE UNCONFIRMED REPORTS, HOWEVER, THAT
HIS PERFORMANCE MAY HAVE BEEN AS MUCH CALCULATED AS
SPONTANEOUS. ACCORDING TO THE RUMORS, THE AMBASSADOR
THINKS HE MAY BE FIRED AND TOOK ADVANTAGE OF HIS CALL
ON THE DEPUTY SECRETARY TO STRENGTHEN HIS CREDENTIALS
WITH THE HARD-LINE ELEMENTS IN THE MILITARY GOVERNMENT.
ANOTHER EXPLANATION OFFERED FOR THE AMBASSADOR'S UNUSUAL
BEHAVIOR IS THAT HE BELIEVED HE MIGHT BE EFFECTIVE
ASSUMING A MORE AGGRESSIVE POSTURE AFTER BEING THE
RESTRAINED DIPLOMAT FOR OVER A YEAR. WE HAVE NO WAY OF
EVALUATING THESE RUMORS ABOUT THE AMBASSADOR'S EMINENT
DEPARTURE, BUT WOULD APPRECIATE EMBASSY COMMENTS. CHRISTOPHER
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